

The following reflects the minutes of the Board of Trustees of the City of Leesburg General Employees' Retirement Plan Quarterly Meeting held on Tuesday, August 30th, 2011, in the Commission Chambers at City Hall, 501 West Meadow Street, Leesburg, Florida.

Meeting Called to Order by Trustee Acting Chairman Steve Rockefeller at 0900 Hrs.

Roll Call to Determine Quorum: Jay Evans, Jerry Boop [arrived at 1001Hrs.], Steve Rockefeller, Al Haliday, and Darell Schlegel were in attendance. Also present were: Dawn Barrett, Atty. Scott Christiansen and Charlie Mulfinger. Absent: Jakki Cunningham Perry.

Meeting Minutes Approval: The May 31st, 2011 Quarterly Meeting Minutes draft was presented to the Board for discussion and approval.

Motion was made by Al Haliday, seconded by Darell Schlegel to accept the May 31st, 2011 Quarterly Meeting Minutes as so presented; unanimously approved and passed.

Election Results & Selection of Chairman The Board was advised that Dawn Barrett has been selected as our new member Trustee. She ran unopposed in the General Election that was held in October. Dawn was welcomed by all. Major Rockefeller noted that we needed to select a new Chairman. Atty. Christiansen advised officers are elected every three [3] years and need to be redone at this time. Major Rockefeller advised we would wait until Jerry Boop arrived shortly.

Correspondence Barb presented the July 14th, 2011 letter from Foster & Foster, Inc. advising of a fee increase primarily created by the recently signed Senate Bill 1128, which impacted on all local law plans in the State of Florida. She noted that Foster & Foster have not requested a fee increase in the last three [3] years. [See Item "A"] Discussion ensued.

Motion was made by Al Haliday, seconded by Darell Schlegel, approving the fee increase as outlined herein [See Item "A"] and to be included as an addendum to our existing contract, which Atty. Christiansen will prepare; unanimously approved and passed.

The July 18th, 2011 e-mail from Foster & Foster, Inc. had been forwarded to the Trustees in response to their request regarding retired and terminated vested members who have a total present value of future benefits of less than \$1,000. The Board decided to readdress this later when Jerry Boop is present. [See below]

<u>Bills Payable</u>	Christiansen & Dehner	\$ 1,247.72	(May 2011)
	Barbara C. Cooper	2,400.00	(June/July/August)
	Foster & Foster	3,961.00	
	Lassiter Ware	8,365.23	[07/31/11-07/31/12]*
	The Bay Group	53,684.18	(Quarter Ending: 09/30/2011)
	City of Leesburg	995.29	(Reimbursement of Training Expenses)**

*Charlie Mulfinger explained that the billing had been done incorrectly for several quarters, which he had previously noted. This quarter's invoice was reduced by \$11,317.13 in favor of our fund in order to return the overcharges we had already paid.

**This was reimbursement to send Jay Evans to attend the Florida Public Pension Trustee School. Atty. Christiansen requested that in the future bills payable to the City of Leesburg be placed on the agenda and duly noted as "reimbursement" for training, etc.

Motion was made by Al Schlegel, seconded by Jay Evans, to approve the Bills Payable as so presented; unanimously approved and passed.

Old/New Business

Approval of Retirements: Barb advised that two individuals have requested retirement benefits: **MITCHELL ANDERSON**, who took an Early Retirement; 100% Joint & Survivor Option; at \$460.81/month and a 25% PLOP [\$25,012.37] effective date: July 1st, 2011; and **CHARLIE LENNON, JR.**, who took an Early Retirement; 50% Joint & Survivor Option; at \$422.49/month; one-time retro payment for May & June in the amount of \$844.98, effective May 1st, 2011.

Motion was made by Al Haliday, seconded by Jay Evans, approving Early Retirement Benefits for **MITCHELL ANDERSON** and **CHARLIE LENNON, JR.**, as so presented above; unanimously approved and passed.

Acknowledgement of Death Benefits: Barb advised that Mr. Charles Lockwood had passed away on August 25th, 2011. As he had lived beyond the "Ten Year Certain & Life" Option parameters, there are no beneficiary benefits. She will contact Mrs. Lockwood to request return of his September retirement check, which had already been mailed before we received notification of his passing.

Class Action Lawsuits – Updates: Barb advised the Trustees that letters have been sent to MorganStanley SmithBarney and SunTrust Bank Retirement Services advising that Barroway Topaz Kessler Meltzer & Check, LLP have been retained to monitor our class action litigations and to file on our behalf. Both financial institutions were authorized and directed to release all available current and historical transaction data in our investment portfolio to BTKMC ...as well as providing online access to collect current and future transactions, corporate actions and holdings information in our portfolio, and/or include BTKMC on their monthly and annual statement distributions, until termination of access is requested in writing by our Fund.

Atty. Christiansen advised that there has been a name change with BTKMC ... it is now Kessler Topaz Meltzer & Check, LLP., and that he will prepare an addendum to that effect ... and will forward an original to Barb.

Quarterly Report – Atty. Scott Christiansen – Atty. Christiansen reminded everyone that each Trustee needed to complete a Form 1 Financial Disclosure form with the Supervisor of Elections. To date everyone is current except Dawn Barrett, who just came on board. She will need to file now. Tino Anthony will also need to file a final form within 60 days of leaving office.

Atty. Christiansen noted that the approval of UBS investments in real estate has been done, the documentation/contracts have been prepared and will be sent out shortly. It will be a quarter or two before a capital call is received. By that time we should have all the paperwork on file. Charlie noted that the timing is good with fixed interest rates so low. It is a good time to move money away from bonds.

In the memo sent to clients, Atty. Christiansen advised recent legislative changes have modified the definition of "salary" to not include lump sums of sick/vacation time. And no more than 300 hours of OT can be used to determine "salary". Our current plan does not include sick/vacation/OT in our salary definition so little to no impact will be felt on us from this change.

Quarterly Report – Charlie Mulfinger/The Bay Group – Charlie Mulfinger noted that during April the economy improved and during the second quarter, corporations reported earnings better than anticipated. However, the revision of the first quarter GDP was done reducing it from 1.8% to .4%. The new reformatted GDP for the second quarter followed and as of Friday, it was at 1%, which now makes the projections much lower. At this point the big question is are we going into a recession again? There is a very strong probability that we are headed that way. Unfortunately slow growth is the perception we find ourselves operating under. Housing prices are falling, unemployment is over 9%, and there are viable concerns as to whether or not the European banking system will survive their sovereign debt. Charlie noted that approximately one out of seven Americans is on food stamps. Unemployment/layoffs/ cut backs are top contenders for negative economy impacts. Conversely, consumer spending will be the saving grace for enabling us to go forward. Charlie continued to review his report commenting that although it had been a poor quarter we are still within range. When the equity side goes down, the fixed income side comes up. Growth does better in a slow economy because you can pick and choose – get better value for the cost. As he reviewed the managers, Charlie did make the recommendation that we make a change with Turner because their long-term returns are low. They have had lower returns with fewer risks but still show a loss. Previously we had selected Polen as a replacement for Turner if Turner was terminated. Pollen's return has been strong over the three- to five-year return. Charlie recommended terminating Turner. Discussion ensued.

Motion was made by Darell Schlegel, seconded by Jay Evans, to terminate Turner and hire Poland; roll call vote: Aye: Jay, Steve, Darell, Dawn; Nay: Al Haliday; approved and passed.

[Al Haliday voted against the change as he prefers moving to a more passive style of investing.]

Charlie will notify Turner and Polen accordingly. He reviewed the remaining money managers. Charlie did advise the Trustees they could rebalance at this time if they so desired but were not required to do so as our total equity is still within range: 52.50% vs policy 52.50% - 57.50%. Our total value is currently \$29,770,280.00

Jerry Boop arrived at 1001 Hrs.

The risk return analysis graph was reviewed reflecting higher return with less risk since 2002. Discussion ensued. Could we be looking at a global recession? There are not yet any definitive answers ... only time will tell. Atty. Christiansen updated Jerry Boop regarding termination of Turner and hiring Polen.

Election of Board Officers Atty. Christiansen advised it was last done in 2008. Board officers need to be elected every three [3] years. Currently our Vice Chairman is Steve Rockefeller, the Secretary is Jerry Boop, and we have one open Chair. Discussion ensued.

Motion was made by Al Haliday, seconded by Jay Evans, selecting Steve Rockefeller as Chairman of the Board; unanimously approved and passed.

Motion was made by Jay Evans, seconded by Darell Schlegel, selecting Jerry Boop as Vice Chairman; unanimously approved and passed.

Motion was made by Jerry Boop, seconded by Jay Evans, selecting Dawn Barrett as Secretary; unanimously approved and passed.

Foster & Foster/Less than \$1000 Report The July 18th, 2011 e-mail from Foster & Foster was readdressed now that Jerry Boop is present. The Board reviewed the four names presented for consideration of a buy out as their retirement values would be less than \$1000. Discussion ensued. Atty. Christiansen advised holding off on Mr. Travis Gay and Mr. Robert Ross until more solid figures could be prepared.

Motion was made by Al Haliday, seconded by Jerry Boop, to buy out three of the people listed [T. Gay, B. Nail, and F. Southall] ...

Atty. Christiansen reiterated his recommendation to not buy out Mr. Gay at this time due to the provided figures being estimates. Steve Rockefeller concurred.

Motion withdrawn by Al Haliday.

Motion made by Al Haliday, seconded by Jerry Boop, to approve buy outs of Mr. Brady S. Nail [Retirement Benefit @ \$6.01/month; Present Value \$151.51] and Freddie Southall [Retirement Benefit @ \$34.31/month; Present Value \$570.44]; unanimously approved and passed.

A letter will be drafted and sent to Foster & Foster requesting firmer numbers on Mr. Gay and Mr. Ross so that the Board can consider action at another meeting.

Quarterly Report – B. C. Cooper, Fund Administrator – Barb expressed her appreciation to Dawn for signing up and coming on board with our plan. She extended her deepest thanks to Sonja Vicchiollo for her presence and assistance at this meeting. This is our first conference-call quarterly meeting as Barb now resides in Indiana. She did advise that she had notified our Trustees and vendors with the address change. Barb said that she is working on the "Confirmation of Receipt of Benefits" form [PF-11] and will have it out to our retirees as quickly as possible. This year she will request e-mail addresses, too. Atty. Christiansen advised that this could be used as confirmation as well.

Barb presented the June 14th, 2011 and August 22nd, 2011 COLA letters for 2011 from Foster & Foster regarding the schedule outlining cost-of-living increases to be effective July 1, 2011 and October 1, 2011, respectively. The 2011 adjustment is 2.7% pursuant to Plan provisions [outlined in Ordinance 05-115]. Discussion ensued and it was determined that this would be a specific agenda item for our next meeting. Jerry noted that current payments are \$79,540 with an increase of \$1,639.00 for COLA's on 10/01/2011.

Barb advised the Board that the Elimination of Recourse fee for this fiscal year's Fiduciary Liability Insurance coverage with Lassiter Ware was \$175.00, which the City must pay to the Fund. However, this apparently has not been done previously. How far back does the Board want her to seek Elimination of Recourse fees? Discussion ensued. Atty. Christiansen advised she should go back three or four years and double-check to be sure reimbursement was not done. If not, then seek payment from the City accordingly. She needs to be clear that this is for "elimination of recourse".

Open Forum –

a.] Barb advised the Board that Peggy Wofford, current retiree, will be receiving a decreased retirement benefit per the Social Security Option she had selected when she retired on August 1st, 2008. MSSB has been advised and the payment will be reduced from \$2,018.44 to \$1,416.73/month, effective October 1st, 2011.

b.] The final scheduled quarterly meeting for 2011 is December 6th.

Meeting Adjourned –

Motion was made by Jay Evans, seconded by Jerry Boop, to adjourn the August 31st, 2011 Quarterly Meeting of the City of Leesburg General Employees' Retirement Plan Board; unanimously approved and passed.

Meeting Adjourned at 1030 Hrs.

**APPROVED BY THE CITY OF LEESBURG GENERAL EMPLOYEES RETIREMENT
PLAN BOARD**

ON December 6th, 2011



Chairman of the Board/Secretary of the Board
Steve Rockefeller